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Message Text

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ACTION EUR-12

INFO OCT-01 ISO-00 CIAE-00 DODE-00 PM-03 H-02 INR-07 L-02

NSAE-00 NSC-05 PA-01 PRS-01 SP-02 SS-15 USIA-06

ACDA-05 TRSE-00 SAJ-01 /063 W
---------- 093015
P R 251845Z MAR 75
FM AMEMBASSY PARIS
TO SECSTATE WASHDC PRIORITY 7841
INFO USMISSION NATO

C O N F I D E N T I A L SECTION 01 OF 02 PARIS 07522

E.O. 11652: XGDS1
TAGS: PFOR, MILI, FR
SUBJECT: FRELOC SETTLEMENT - STATUS REPORT

REF: (A) PARIS 1123; (B) PARIS 3698

1. SUMMARY: FRENCH ARE WORKING TOWARD AGREEMENT ON FRELOC EXCHANGE OF NOTES TO PERMIT FIRST FRENCH PAYMENT IN JUNE TIME FRAME. GOF DOES NOT AGREE TO SUPPLEMENTAL EXCHANGE CONCERNING NATO ANGLE, BUT MAY BE PREPARED TO INCLUDE APPROPRIATE LANGUAGE IN BASIC NOTES. END SUMMARY.

2. IN DISCUSSION WITH US MARCH 24, DE LA ROCHEFORDIERE (QUAI OFFICE OF PACTS AND DISARMAMENT AFFAIRS) GAVE US INFORMAL REPORT ON CURRENT STATUS OF FRENCH GOVERNMENT'S REVIEW OF FRELOC SETTLEMENT DOCUMENTATION. HE STRESSED THAT HIS COMMENTS (EXCEPT PARA 5, BELOW) WERE PERSONAL, AND THAT THE FRENCH GOVERNMENT HAS NOT YET REACHED A FINAL DECISION ON HOW IT SHOULD RESPOND TO OUR PROPOSALS OF JANUARY 14 (REF A).

3. DE LA ROCHEFORDIERE SAID THAT FINANCIAL SETTLEMENT RELATING TO FRELOC CLAIM POSES CONSTITUTIONAL PROBLEM FOR FRENCH. ACCORDING TO FRENCH CONSTITUTION, INTER-NATIONAL AGREEMENTS INVOLVING THE EXPENDITURE OF FRENCH
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GOVERNMENT FUNDS MUST BE APPROVED BY THE FRENCH PARLIA-

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MENT THROUGH ENABLING LEGISLATION. GOF WANTS TO AVOID NEED TO GO TO PARLIAMENT FOR APPROVAL OF FRELOC SETTLEMENT, BELIEVING THAT PARLIAMENTARY INVOLVEMENT WOULD ONLY COMPLICATE AND PERHAPS DELAY FINAL SETTLEMENT. GOF LAWYERS HAVE HIT UPON POSSIBLE WAY TO AVOID REQUIREMENT TO GO TO FRENCH PARLIAMENT BY CONNECTING SETTLEMENT TO EARLIER US-GOF BILATERAL AGREEMENTS THAT ESTABLISHED U.S. MILITARY INSTALLATIONS IN FRANCE. FRELOC SETTLEMENT WOULD THEN BE VIEWED AS LINK IN THAT CHAIN, RATHER THAN NEW ENGAGEMENT REQUIRING PARLIAMENTARY APPROVAL. THIS CONCEPT IS UNDER REVIEW BY PRIME MINISTER'S OFFICE. SHOULD PM'S OFFICE OK THIS APPROACH, LANGUAGE IN THE EXCHANGE OF NOTES WOULD HAVE TO BE MODIFIED TO MAKE REFERENCE TO THE EARLIER BILATERAL AGREEMENTS BETWEEN THE GOF AND THE U.S.

4. REGARDING TIMING, DE LA ROCHEFORDIERE SAID THAT GOF IS TRYING TO MEET OUR DESIRE TO HAVE FIRST FRENCH FRELOC PAYMENT MADE NO LATER THAN 30 JUNE 1975. GOF WORKING LEVEL IS AIMING AT FIRST PAYMENT ON OR ABOUT JUNE 1, ALTHOUGH THEY RECOGNIZE THAT THIS TARGET MAY SLIP DEPENDING ON WHEN GOF GIVES FORMAL RESPONSE TO USG ON OUR DRAFT NOTES AND HOW LONG AFTER THAT IT WILL TAKE FOR USG AND GOF TO ARRIVE AT SATISFACTORY AGREEMENT ON FINAL WORDING OF NOTES AND OTHER DETAILS.

5. REGARDING A SUPPLEMENTARY EXCHANGE CONCERNING U.S. REQUIREMENT TO TURN OVER SOME FRELOC FUNDS TO NATO (REF B), DE LA ROCHEFORDIERE SAID GOF CANNOT, REPEAT CANNOT, ACCEPT THE IDEA OR THE CONTENT OF SUPPLEMENTARY NOTE

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C O N F I D E N T I A L SECTION 02 OF 02 PARIS 07522

BECAUSE IT DEALS WITH A PROBLEM SOLELY BETWEEN NATO AND THE U.S.

6. TO HELP FRENCH MEET THEIR DESIRE TO AVOID NEED FOR PARLIAMENTARY APPROVAL OF DIPLOMATIC EXCHANGE, FRENCH WOULD LIKE TO INSERT IN EXCHANGE OF NOTES SENTENCE INDICATING SPECIFIC MANNER OF PAYMENT. FOR EXAMPLE, NOTE COULD SAY THAT PAYMENT WOULD BE MADE "INTO ACCOUNT NO. (BLANK)", OR "TO MR. (BLANK)". FRENCH BELIEVE THAT THIS MECHANISM WOULD FURTHER STRENGTHEN THEIR HAND IN DEMONSTRATING TO FRENCH PARLIAMENT THAT ANY PAYMENTS MADE SUBSEQUENT TO OUR EXCHANGE OF NOTES WERE FULLY JUSTIFIED BY WORDING OF THAT EXCHANGE AND DID NOT REQUIRE ANY SEPARATE ACTION BY FRENCH PARLIAMENT. SPEAKING PERSONALLY, DE LA ROCHEFORDIERE AGREED WITH US THAT NOTES COULD INDICATE SEVERAL ACCOUNTS OR RECIPIENTS IF THIS WOULD HELP U.S. WITH ITS NATO PAYMENT.

7. FRENCH WOULD ALSO LIKE EXCHANGE OF NOTES TO SHOW THAT THE AGREEMENT ENTERS INTO FORCE "ON THE DATE OF THE LAST SIGNATURE." THIS WORDING -- AS EXPLAINED TO US BY DE LA ROCHEFORDIERE -- IS DESIGNED TO UNDERLINE FACT THAT AGREEMENT WOULD BE "RATIFIED" BY SIGNATURE (WHICH CONFIDENTIAL

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FRENCH EXPECT WOULD BE MADE SIMULTANEOUSLY BY U.S. AND GOF OFFICIALS), AND WOULD NOT REQUIRE ANY FURTHER STEPS (I.E., FRENCH PARLIAMENTARY ACTION) FOR "RATIFICATION."

8. DE LA ROCHEFORDIERE SAID GOF IS GIVING FRELOC SETTLE-MENT SUBJECT PRIORITY ATTENTION, AND HE WOULD LET US KNOW IMMEDIATELY OF GOF RESPONSE ONCE IT HAS BEEN AGREED ON. RUSH

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Message Attributes

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